

or sum of money for the privilege of becoming, remaining, or ceasing to be a saver or investor in the savings association must, unless the Office specifically permits omission of one or more of such recitals, include in its provisions, and display in easily read type, a full and understandable statement of the method of maturing such contracts, the rate of interest paid, or the dividend provisions, or both, under which the savings association operates, and the charge or charges, if any, for the privilege of becoming, remaining, or ceasing to be a saver or investor in the savings association.

#### § 563.4 [Reserved]

#### § 563.5 Securities: Statement of non-insurance.

Every security issued by a savings association must include in its provisions a clear statement that the security is not insured by the Federal Deposit Insurance Corporation.

#### § 563.6 Payment of accounts on demand.

(a) Except for demand accounts, tax and loan accounts, note accounts, and United States Treasury general accounts, as defined in part 561 of this chapter, no savings association shall issue any account, or advertise or represent that it will pay holders of its accounts, on demand.

(b) As used in paragraph (a) of this section, accounts payable on demand are:

(1) Accounts with an original maturity or required notice period of less than seven days;

(2) Accounts for which the savings association does not reserve the right to require at least seven days' written notice prior to withdrawal or transfer of funds in the account; or

(3) Savings accounts held by depositors ineligible to hold negotiable order of withdrawal accounts under 12 U.S.C. 1832, the savings association authorizes the depositor to exceed the transaction limitations set forth in § 561.28(a)(2) of this chapter despite any maturity requirements or notice of withdrawal requirements which may be imposed or reserved.

(c) A savings association may provide in any time deposit contract that if the deposit or any portion thereof is withdrawn not more than ten days after a maturity date, interest will continue to be paid for such period. The payment of such interest is not payment of interest on a demand deposit.

(d) A savings association may continue to pay interest for a period between a maturity date and the date of renewal of the deposit: *Provided*, That such certificate is renewed not more than ten days after maturity. The payment of such interest is not payment of interest on a demand deposit.

#### § 563.7 Fixed-term accounts (certificate accounts).

(a) *General*. Subject to the requirements of this section, a savings association may offer certificate accounts, as defined in § 561.9 of this part, in such form as the board of directors of the savings association may authorize by resolution. With respect to any time deposit, a savings association may impose a penalty for early withdrawal, subject to the limitations in paragraph (d) of this section.<sup>1</sup>

(b) *Payment of interest or other earnings*. A savings association may pay earnings on a certificate account at a rate or anticipated rate of return determined at the time that the account is accepted. The rate or anticipated rate on a certificate account either may be fixed or may vary according to a schedule, index, or formula specified at the time that the account is accepted.

(c) *Limitations*. In issuing certificate accounts, no savings association shall:

<sup>1</sup>Savings associations are advised that for purposes of Regulation D reserve requirements imposed by the Federal Reserve Board, early withdrawal penalties may be required to distinguish time deposits from demand deposits. The penalty, seven days' interest, applies only to withdrawals within the first six days after a time deposit is opened. See FRB Docket No. R-0565 (March 17, 1986). Early withdrawal penalties also may be required under Regulation D to distinguish nonpersonal time deposits with maturities of less than eighteen months for nonpersonal time deposits with maturities of eighteen months or more. The required penalty is one months' interest. *Id.*

(1) Accept any fixed-term account for a term of less than seven days; or

(2) Issue any form of certificate account, unless the association has complied with the requirements of § 563.1 of this part.

(d)(1) A certificate account may prohibit withdrawal of any portion of such account prior to maturity, except under such circumstances as may be set forth therein: *Provided*, That under the following circumstances no certificate may prohibit withdrawal and no early withdrawal penalty may be imposed:

(i) After the death of an account owner, if the withdrawal is requested by any other owner of the account or by the authorized representative of the decedent's estate; or

(ii) After an account owner is determined by a court or other administrative body of proper jurisdiction to be legally incompetent, if the account was issued before the date of such determination and not extended or renewed after that date.

(2) For purposes of paragraph (d)(1) of this section, an "owner" is an individual who has full legal and beneficial title to all or part of the account or beneficial title to all or part of the account and full power of disposition or alienation with respect thereto, including but not limited to power of revocation with respect to any trust, regardless of whether such owner was a trustee, of which such account comprises all or part of the trust assets.

[54 FR 49552, Nov. 30, 1989, as amended at 58 FR 4313, Jan. 14, 1993; 61 FR 65179, Dec. 11, 1996]

#### § 563.9 Eurodollar deposits.

(a) *Definitions*. As used in this section:

(1) *Eurodollar certificate* means a certificate account, denominated in United States dollars, evidencing a Eurodollar deposit;

(2) *Eurodollar deposit* means a deposit by a person who is not a United States person;

(3) *United States person* means any national or resident of the United States of America, its territories and possessions, including any corporation, trust, estate, or other entity organized under

the laws thereof or of any political subdivision thereof; and

(4) *Participation* means an interest or participation in a Eurodollar certificate.

(b) *General*. To the extent that it has legal authority to do so, a savings association may issue Eurodollar certificates in conformity with this section and § 563.7 of this part.

(c) *Collateralization of certificates*. A savings association may give security for Eurodollar deposits subject to any notification or right of repurchase requirements that may be imposed by the FDIC.

(d) *Requirements as to distribution*. (1) In exercising authority under this section, a savings association shall require an undertaking in writing from each purchaser of a Eurodollar certificate or participation therein to the effect that:

(i) If the purchaser is not a dealer, he will not offer, sell or deliver such Eurodollar certificate(s) or participations therein directly or indirectly in the United States of America or its territories or possessions or to nationals or residents thereof, including any corporation, trust, estate or other entity organized under the laws thereof or of any political subdivision thereof; or

(ii) If the purchaser is a dealer, he has not offered, sold or delivered, and agrees that he will not offer, sell or deliver, any such Eurodollar certificate(s) or participations therein directly or indirectly in the United States of America or its territories or possessions or to nationals or residents thereof and he is not purchasing any such Eurodollar certificate(s) or participations therein for the account of any such nationals or residents. Further, if the purchaser is a dealer, he shall agree that he will require the undertaking required by paragraph (d)(1)(i) of this section on any sales of the Eurodollar certificate(s) or participations therein and that he will inform the issuing savings association promptly if any beneficial ownership by a United States person comes to his attention.

(2) Upon completion of the distribution of any Eurodollar certificates or participations therein, the lead or managing underwriter shall deliver to